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6 **IN THE UNITED STATES DISTRICT COURT**  
7 **FOR THE DISTRICT OF ARIZONA**  
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9 Madlurv LLC,  
10 Plaintiff/counterdefendant,  
11 v.  
12 Brow Trio LLC, et al.,  
13 Defendants/counterclaimants.  
14

No. CV-21-01683-PHX-JAT

**ORDER**

15 Pending before the Court are Counter-defendant's motion to dismiss the  
16 counterclaim (Doc. 27) and a discovery dispute (Doc. 44).

17 **Motion to Dismiss**

18 Counter-defendant filed a motion to dismiss the counterclaim under Federal Rule of  
19 Civil Procedure ("Rule") 12(b)(6). (Doc. 27). Notwithstanding Rule 12's prohibition on  
20 attaching exhibits to a 12(b)(6) motion, Counter-defendant attached 14 exhibits to the  
21 motion to dismiss, totaling 77 pages. In the motion, Counter-defendant makes no argument  
22 as to procedurally how or why the Court could consider these documents that are forbidden  
23 by Rule 12(d). In responding to the motion to dismiss, Counterclaimants point out this  
24 glaring procedural problem (among others). In reply, Counter-defendant argues that all of  
25 the exhibits are incorporated by reference into the counterclaim. Specifically, Counter-  
26 defendant states:

27 [Counterclaimants'] contention that [Counter-defendant's] exhibits to its  
28 Motion to Dismiss are improper at the motion to dismiss stage is incorrect.  
It is well settled that a court may consider documents extraneous to the  
complaint or counter-claim in evaluating a motion to dismiss through the

1 doctrine of incorporation by reference. The documents appended as Exhibits  
 2 to Plaintiff's motion to dismiss Defendants' counter-claims are referred to  
 3 extensively in or as the basis for Defendants' counter-claims. [citation  
 4 omitted]. [Counter-defendant's] exhibits are referred to or form the basis for  
 5 the counter-claims as follows by exhibit number and counter-claim  
 paragraph number: Exhibit 1 - ¶¶ 27, 28, and 30; Exhibit 2 - ¶¶ 27, 28, and  
 30; Exhibit 3 - ¶¶ 27, 28, and 30; Exhibit 4 - ¶¶ 27, 28, and 30; Exhibit 5 -  
 ¶¶ 70 and 72; Exhibit 8 - ¶¶ 63 and 64; Exhibit 9 - ¶¶ 63 and 64; Exhibit 10 -  
 ¶¶ 63 and 64; Exhibit 12 - ¶ 4; and, Exhibit 13 - ¶¶ 70 and 72.

6 (Doc. 35 at 9).

7 This is the totality of Counter-defendant's argument leaving to the Court to piece  
 8 together, for example, what is in Exhibits 1-4 and whether they are truly incorporated by  
 9 reference into paragraphs 27, 28 and 30 of the counterclaim. Paragraphs 27, 28 and 30 of  
 10 the counterclaim state: "27. Madluvv no longer sells the stencil shown in the photograph  
 11 above as part of any eyebrow stamp kit sold by Madluvv. 28. Madluvv no longer sells any  
 12 eyebrow stamp kits with stencils which do not include the words 'long' and 'short.'... 30.  
 13 Upon information and belief, as of March 2020, no manufacturer offered an eyebrow  
 14 stencil that provided both a short and long options in the same stencil." (Doc. 13 at 18).  
 15 Exhibits 1, 2, and 3 purport to be internet screen shots *contradicting* paragraphs 27, 28 and  
 16 30. Exhibit 1 is an Amazon page purporting to show the stencil referenced in paragraph  
 17 27 on a wish list. (Doc. 27 at 6). Exhibits 2 and 3 purport to be a still picture of a Tik Tok  
 18 video showing a person using the product referenced paragraph 27 (albeit at an unknown  
 19 time) (Doc. 27 at 7). And Exhibit 4 purports to be a screen shot of Madluvv's website  
 20 claiming the product was referenced (again at an unknown point in time) in certain national  
 21 forums (like Shape magazine). (Doc. 27 at 7).

22 Counter-defendant either has a basic misunderstanding of federal procedure or the  
 23 Reply in this case is a disingenuous application of the law. Incorporated by reference  
 24 allows a court to consider documents "whose contents are alleged in a [counterclaim] and  
 25 whose authenticity no party questions, but which are not physically attached to the  
 26 [counterclaimants'] pleading." *Kniesel v. ESPN*, 393 F.3d 1068, 1076 (9th 2005). First,  
 27 evidence that purports to *contradict* the allegations in the counterclaim can never be  
 28 "contents that are *alleged* in the counterclaim." Second, unauthenticated internet screen

1 shots, with unknown original content creation dates, are not “evidence whose authenticity  
2 no party questions” in this case (or likely any other case).

3 All other Exhibits suffer from the same deficiencies identified with respect Exhibits  
4 1-4. Specifically, they in no way meet the test for incorporation by reference into the  
5 counterclaim. Thus, the Court cannot consider any of them in the context of a Rule 12(b)(6)  
6 motion.<sup>1</sup>

7 Rule 12(d) permits the Court to consider evidence on a 12(b)(6) motion if the Court  
8 converts the motion to one under Rule 56 (after giving notice and an opportunity to present  
9 evidence to the opposing party). Here, the Court has not converted the motion because a  
10 conversion would be futile. None of the Exhibits are submitted in a form that would be  
11 admissible at trial. For the Court to rely on evidence to grant summary judgment under  
12 Rule 56, the evidence must be in an admissible form. *See Quanta Indemnity Co. v.*  
13 *Amberwood Homes LLC*, 2014 WL 1246144, \*2 (D. Ariz. March 26, 2014); *Burch v.*  
14 *Regents of the Univ. of Cal.*, 433 F. Supp. 2d 1110, 1121 (E.D. Cal. 2006). Thus, because  
15 none of the evidence submitted with the motion to dismiss is in an admissible form, the  
16 Court could not consider it even if the Court converted this filing to a motion under Rule  
17 56.

18 Moreover, even if the Court were to inappropriately consider this evidence under  
19 Rule 12 or Rule 56, it does not actually disprove the allegation in paragraph 27. The  
20 allegation is that Madlurv “no longer sells.” Undated evidence that could merely show that  
21 Madlurv “used to sell” does not prove what Madlurv currently sells.

22 The Court having now excluded all Exhibits attached to the motion to dismiss, the  
23 Court must next decide if enough substance of the motion remains that the Court can rule  
24 on the merits of the motion. Another basic legal principle in deciding a motion filed under  
25 Rule 12(b)(6) is that the court must presume all factual allegations are true and construe all

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26  
27 <sup>1</sup> There may be an argument that the Court could have taken judicial notice of some of the  
28 Exhibits (specifically the ones that purport to be in the public record of the Patent and  
Trademark Office). However, Counter-defendant did not make this argument (nor  
authenticate the documents) and the Court will not make such argument on Counter-  
Defendant’s behalf.

1 factual inferences in the light most favorable to the drafter of the complaint/counterclaim.  
2 *See Shwarz v. United States*, 234 F.3d 428, 435 (9th Cir. 2000). With respect to  
3 counterclaims 1-3 (all involving trademark law), Counter-defendant fails to heed this  
4 principle and instead attempts to disprove Counterclaimants' assertion that  
5 Counterclaimants own a trademark. Part of this attempt is through the submission of  
6 evidence. Given that the Court cannot consider this evidence, and that the Court must  
7 presume the allegations of the counterclaim to be true, the Court will deny the motion to  
8 dismiss. This denial is without prejudice to Counter-defendant re-asserting these  
9 arguments on summary judgment if Counter-defendant has admissible evidence to support  
10 such arguments.

11 With respect to the fourth (and final) counterclaim, Counter-defendant argues that  
12 the Court need not assume the allegations in the counterclaim are true because such  
13 allegations are legal conclusions. (Doc. 35 at 7); *see Papasan v. Allain*, 478 U.S. 265, 286  
14 (1986) (a court does not have to accept as true a legal conclusion couched as a factual  
15 allegation). The Court has reviewed the Counterclaim (Doc. 13 at 27) and finds that of the  
16 paragraphs related to the fourth counterclaim (§§112-123), only paragraph 121 is a legal  
17 conclusion. Therefore, the Court must accept all factual allegations other than paragraph  
18 121 as true.

19 This fourth counterclaim alleges a violation of the Arizona Patent Troll Prevention  
20 Act §§ 44-1421 et seq. This claim arises from a November 6, 2020 letter (Doc. 1 at 32-36)  
21 sent by Counter-defendant to two Defendants in this case (one such Defendant—the  
22 individual—has now been dismissed by agreement of the parties). A large segment of the  
23 motion to dismiss this fourth counterclaim presents arguments and facts to attempt to show  
24 Counter-defendant acted in good faith. (Doc. 27 at 24-29). However, on a motion to  
25 dismiss under Rule 12(b)(6), the Court cannot decide facts to conclude that the movant  
26 acted in good faith to refute the Counterclaimants' allegations that the movant acted in bad  
27 faith. Again, the Court must assume the Counterclaimant's allegations are true.

28 With respect to the fourth counterclaim, Counter-defendant goes on to argue that

1 because the November 6, 2020 letter uses the words “patent pending” repeatedly rather  
 2 than “patent,” the letter was not attempting to “enforce” a patent. Counter-defendant also  
 3 argues it was only “looking into” whether it had an enforceable right via the letter. (Doc.  
 4 27 at 24).

5 The letter states: “If you should you fail to comply, our Clients will take all  
 6 appropriate actions to protect their valuable copyright, **patent**, trademark and trade dress  
 7 rights, both in the US and internationally.” (Doc. 1 at 34) (emphasis added). Construing  
 8 all inferences in favor of the Counterclaimants for purposes of a 12(b)(6) motion to dismiss,  
 9 the Court finds this language is enough to state a claim. The fact that Counter-defendant  
 10 argues for a different interpretation of the letter is a matter for summary judgment or trial.

11 Finally, the Court has not considered Counter-defendant’s argument that the letter  
 12 should be disregarded because the company to which it was sent is now defunct. The Court  
 13 did not consider this argument because all evidence regarding this argument was in the  
 14 inadmissible Exhibits. Moreover, that company has been named as a Defendant in this  
 15 case by *Counter-defendant* and has appeared to defend itself and filed a counterclaim.  
 16 Thus, this Court’s own record calls into question the accuracy of Counter-defendant’s  
 17 inadmissible evidence that such company is now defunct.

18 For all of the foregoing reasons, the motion to dismiss the counterclaim for failure  
 19 to state a claim is denied.<sup>2</sup>

20 Alternatively, Counter-defendant moves to “stay” counterclaims 1-3 until the  
 21 Trademark Office reaches final resolution of the Perfect Brows in Seconds trademark  
 22 application (Serial Nos. 90/645,904 and 97/123,267). This request is raised for the first  
 23 time in the Reply to the motion to dismiss; thereby depriving Counterclaimants of the  
 24 opportunity to brief the issue. For this reason alone, this request is denied.

25 \_\_\_\_\_  
 26 <sup>2</sup> The Court notes that Counter-defendant requested oral argument on the motion to dismiss.  
 27 Because the motion to dismiss relied on inadmissible evidence as to each count of the  
 28 counterclaim, no oral argument could have changed the Court’s decisional process.  
 Accordingly, the request for oral argument is denied. *See e.g., Partridge v. Reich*, 141 F.3d  
 920, 926 (9th Cir. 1998); *Lake at Las Vegas Investors Group, Inc. v. Pacific. Dev. Malibu*  
*Corp.*, 933 F.2d 724, 729 (9th Cir. 1991).

1           Moreover, the Court finds that no stay is justified at this time. The parties should  
2 be (discussed more fully below) engaging in discovery. While some of this discovery may  
3 overlap the information being presented to the Trademark Office, that does not make the  
4 information non-discoverable. Indeed, even if the Trademark Office had reached a final  
5 decision, that alone would not prevent discovery of the information presented to the office  
6 or related to this claim. Thus, the motion to stay is also denied on the merits.

### 7 **Discovery Dispute**

8           The parties have filed a brief regarding a discovery dispute. (Doc. 44). In summary,  
9 Defendants object to Plaintiff's unilateral refusal to engage in discovery. The Court agrees  
10 with Defendants that Plaintiff has no viable justification for such behavior.

11           Plaintiff makes two arguments regarding why it is not engaging in discovery. First  
12 Plaintiff argues that the parties have had some settlement discussions. There is no rule or  
13 law that holds that if the parties discuss settlement, one party can quit following the Federal  
14 Rules of Civil Procedure and unilaterally quit responding to all discovery. Thus, Plaintiff's  
15 first justification is rejected.

16           Second, Plaintiff argues that until the Court rules on the motion to dismiss the  
17 counterclaim, any discovery into the issues in the counterclaim should be stayed (and  
18 Plaintiff further argues that all outstanding written discovery and notices of depositions  
19 relate to the counterclaim). At this point, the motion to dismiss has been denied; thus, this  
20 argument is moot. However, even before the Court ruled on the motion to dismiss, this  
21 argument did not justify Plaintiff's tactics.

22           In their joint brief, the parties agree that Plaintiff's written discovery responses were  
23 due in January and the deposition dates Defendants noticed have all passed without  
24 depositions. (Doc. 44). Plaintiff chose to let these deadlines elapse without seeking any  
25 relief from the deadlines from the Court. Indeed, Plaintiff seemed to know Court  
26 intervention was required because Plaintiff previously moved to stay discovery, but  
27 withdrew that motion in February. (Doc. 42). Given that the Court has not stayed any part  
28 of this case, Plaintiff has no justification for failing to respond to discovery in a timely

1 fashion. (The Court is also concerned that in the now-withdrawn motion to stay (Doc. 40)  
 2 Plaintiff conceded that some of the outstanding discovery did not relate to the counterclaim;  
 3 thus, Plaintiff does not even have a misplaced excuse for why it did not respond to this  
 4 discovery.<sup>3</sup>)

5 Based on the foregoing, the Court will order all outstanding discovery be complied  
 6 with on the schedule specified below.<sup>4</sup>

### 7 **Sanctions**

8 The Court notes that in the joint brief, Defendants state, “[Defendants’] position is  
 9 that a party cannot simply decide unilaterally to not respond to discovery and that  
 10 **Madlurv’s position to do just that should be harshly sanctioned.**” (Doc. 44 at 3)  
 11 (emphasis added). However, Defendants did not specifically move for sanctions in the  
 12 joint brief. The Court will set a deadline for Defendants to move for sanctions (if they so  
 13 choose) below. This deadline will be after the outstanding discovery responses are due. If  
 14 Plaintiff complies with this Order, Defendants may move for attorneys’ fees related to the  
 15 discovery dispute (but not motion to dismiss) issues. Any such motion must comply with  
 16 the Rule 16 scheduling order. Specifically, this Court has not by this Order found that fees  
 17 are appropriate; thus, any such motion must show both an entitlement to fees and the  
 18 reasonableness of the fees sought.<sup>5</sup> If Plaintiff fails to comply with this Order, Defendants  
 19 may move for whatever sanctions they deem appropriate up to and including dismissal of

20 <sup>3</sup> Of similar concern, the Court notes that at points Counter-defendant appears to argue  
 21 that the Trademark Office has finally adjudicated the trademark that forms the basis of the  
 22 counterclaims (Doc. 35 at 2 (although the page was numbered 1 by Counter-defendant, it  
 23 is in fact page 2)) and at other points argues that the Court should stay discovery on the  
 24 trademark counterclaims because the Trademark Office has not finally adjudicated this  
 trademark (Doc. 35 at 5 (numbered 4 by Counter-defendants)). Because the truth of the  
 status of the proceedings before the Trademark Office would not impact this Order, the  
 Court has not undertaken to reconcile these seeming inconsistencies.

25 <sup>4</sup> As stated in the Court’s Scheduling Order (Doc. 30 at 3), the Court may rule on the  
 26 parties’ discovery dispute without argument. Based on the parties’ filing, the Court finds  
 that no hearing was necessary.

27 <sup>5</sup> As a reminder, the Scheduling Order states: “If attorney’s fees are sought, the movant  
 28 must specify under what Federal Rule (including the appropriate subpart), statute or case  
 the movant is seeking fees. The request for fees must further specify whether fees are  
 sought against counsel, the client or both (and if both in what percentages).” (Doc. 30 at  
 4).

1 the complaint. *See Hauser v. Smith*, CV 20-8138-PHX-JAT (JFM), (Doc. 140) (D. Ariz.  
2 November 24, 2021) (recommending dismissal of the complaint as a discovery sanction)  
3 (*report and recommendation adopted* CV 20-8138-PHX-JAT (JFM) (Doc. 143) (D. Ariz.  
4 January 5, 2022)).

5 **Conclusion**

6 Based on the foregoing,

7 **IT IS ORDERED** that the motion to dismiss the counterclaim (Doc. 27) is denied.

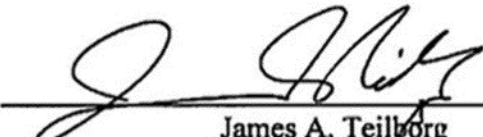
8 **IT IS FURTHER ORDERED** that Plaintiff produce all responsive documents and  
9 respond in writing to all outstanding discovery requests within 14 days of this Order.

10 **IT IS FURTHER ORDERED** that Plaintiff make the noticed deponents available  
11 for deposition within 28 days of this Order.

12 **IT IS FURTHER ORDERED** that Defendants may (but are not required to) move  
13 for sanctions consistent with this Order within 35 days of this Order.

14 Dated this 19th day of April, 2022.

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James A. Teilborg  
Senior United States District Judge